

HUMAN SERVICES DEPARTMENT[441]

Adopted and Filed Emergency After Notice

Pursuant to the authority of Iowa Code section 514I.5, the Department of Human Services amends Chapter 86, “Healthy and Well Kids in Iowa (HAWK-I) Program,” Iowa Administrative Code.

These amendments provide for a one-month grace period for each monthly premium owed for a HAWK-I enrollee. This change is being made to comply with the Children’s Health Insurance Program Reauthorization Act (CHIPRA), Public Law 111-03. The Centers for Medicare and Medicaid Services (CMS) has clarified that the grace period shall be the month for which the premium is owed.

This policy may result in the furnishing of coverage even though the family has not paid the premium, creating an unpaid premium balance. Previously, the premium for a month of HAWK-I coverage was due to the Department on the tenth day of the month before the coverage month. If the payment was not received by the due date, the enrollment was canceled and coverage was not provided for the following month.

Under these amendments, families will receive a notice of the intended disenrollment if the premium is not received by the due date, but the effective date of disenrollment will be the last day of the coverage month, not the month when the premium was due. If the premium payment is received after the timely notice is issued but before the last calendar day of the coverage month, the child’s coverage will be reinstated. If the premium is not received postmarked on or before the last calendar day of the coverage month, the child will be disenrolled effective with the last day of the coverage month.

If the premium payment is not received and the child is disenrolled, an obligation for the unpaid premium will be established for the parent, for the responsible person who applied on behalf of the child, or for the child when the child applies as a child living independently from the parents. The obligation will remain in effect for 24 months. If the person owing an unpaid premium reapplies and a child for whom the person is applying establishes HAWK-I eligibility for any month in the 24-month period, the unpaid premium must be paid before the child will be enrolled in a health or dental plan.

The amendments also make the following changes:

- Allow averaging of self-employment income records for two or three years if that is more representative of anticipated earnings than the records from the previous year alone.
- Provide that a new application form is not required when a child moves between the supplemental dental-only program and full medical and dental coverage.
- Move the due date for HAWK-I premiums from the tenth calendar day of the month to the fifth calendar day of the month before the month of coverage.
- Clarify that when a child is losing health insurance, the earliest start date of a HAWK-I enrollment period shall be the first day of the month following the month in which the health insurance ends if that date is later than the first day of the month following the month in which the application was received (the normal effective date).

These amendments do not provide for waivers in specified situations. Requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

Notice of Intended Action on these amendments was published in the Iowa Administrative Bulletin on June 16, 2010, as **ARC 8840B**. The Department received no comments on the Notice of Intended Action. These amendments are identical to those published under Notice of Intended Action.

The HAWK-I Board adopted these amendments on August 16, 2010.

The Department finds that these amendments confer a benefit on HAWK-I enrollees who are late paying premiums by giving them a grace period to submit the payment before benefits are canceled. Therefore, these amendments are filed pursuant to Iowa Code section 17A.5(2)“b”(2), and the normal effective date of these amendments is waived.

These amendments are intended to implement Iowa Code chapter 514I.

These amendments became effective on September 1, 2010.

The following amendments are adopted.

ITEM 1. Amend subparagraph **86.2(2)“c”(3)** as follows:

(3) Self-employment income shall be verified using business records or income tax returns from the previous year if they are representative of anticipated earnings. If business records or tax returns from the previous year are not representative of anticipated earnings, an average of the business records or tax returns from the previous two or three years may be used if that average is representative of anticipated earnings.

ITEM 2. Adopt the following **new** paragraph **86.3(6)“c”**:

c. A new application shall not be required when a child moves between supplemental dental-only coverage as specified in rule 441—86.20(514I) and full medical and dental coverage.

ITEM 3. Amend subrule 86.5(1), introductory paragraph, as follows:

86.5(1) Initial application. Coverage for ~~children~~ a child who ~~are~~ is determined eligible for the HAWK-I program on the basis of an initial application for either HAWK-I or Medicaid shall be effective the first day of the month following the month in which the application is filed, regardless of the day of the month the application is filed, or when a plan becomes available in the applicant’s county of residence. However, when the child does not meet the provisions of paragraph 86.2(4)“a,” coverage shall be effective the first day of the month following the month in which health insurance coverage is lost. Also, a one-month waiting period shall be imposed for a child who is subject to a monthly premium pursuant to paragraph 86.8(2)“c” when the child’s health insurance coverage ended in the month of application. EXCEPTIONS: A waiting period shall not be imposed if any of the following conditions apply:

ITEM 4. Amend subrule 86.7(3) as follows:

86.7(3) Nonpayment of premiums. The child shall be canceled from the program as of the first day of the month in which premiums are not paid in accordance with the provisions of subrules 86.8(3), 86.8(4) and 86.8(5).

ITEM 5. Amend subrules 86.8(3) to 86.8(6) as follows:

86.8(3) Due date.

a. *Payment upon initial application.* “Initial application” means the first program application or a subsequent application that is not a renewal. Upon approval of an initial application, the first month for which a premium is due is the third month following the month of decision. The due date of the first premium shall be the ~~tenth~~ fifth day of the second month following the month of decision.

b. *Payment upon renewal.* “Renewal” means any application used to establish ongoing eligibility, without a break in coverage, for any enrollment period subsequent to an enrollment period established by an initial application.

(1) Upon approval of a renewal, the first month for which a premium is due is the first month of the enrollment period. The premium for the first month of the enrollment period shall be due by the ~~tenth~~ fifth day of the month before the month of coverage or the tenth business day following the date of decision, whichever is later.

(2) All premiums due must be paid before the child will be enrolled for coverage. When the premium is received, the third-party administrator shall notify the health and dental plans of the enrollment.

c. *Subsequent payments.* All subsequent premiums are due by the ~~tenth~~ fifth day of each month for the next month’s coverage and must be postmarked no later than the last day of the month before the month of coverage. ~~Failure to pay the premium by the last day of the month before the month of coverage shall result in cancellation from the program.~~ Premiums may be paid in advance (e.g., on a quarterly or semiannual basis) rather than a monthly basis.

d. *Holiday or weekend.* When the premium due date falls on a holiday or weekend, the premium shall be due on the first business day following the due date.

86.8(4) Reinstatement Grace period. ~~A child may be reinstated once per enrollment period when the family fails to pay the premium by the last day of the month for the next month’s coverage.~~ A grace

period shall be allowed on any monthly premium not received as prescribed in paragraph 86.8(3) “c.”
The grace period shall be the coverage month for which the premium is due.

a. Failure to submit a premium by the last calendar day of the grace period shall result in disenrollment.

b. If the premium is subsequently received, coverage will be reinstated if the premium was postmarked or otherwise paid in the calendar month immediately following disenrollment.:

(1) In the grace period, or

(2) In the 14 calendar days following the grace period.

86.8(5) Method of premium payment. Premiums may be submitted in the form of cash, personal checks, ~~automatic bank account withdrawals~~ electronic funds transfers (EFT), or other methods established by the third-party administrator.

86.8(6) Failure to pay premium. Failure to pay the premium in accordance with subrules 86.8(3) and 86.8(5) shall result in cancellation from the program unless the ~~reinstatement~~ grace period provisions of subrule 86.8(4) apply. Once a child is canceled from the program due to nonpayment of premiums, the family must reapply for coverage.

ITEM 6. Adopt the following **new** subrule 86.8(8):

86.8(8) Unpaid premiums. Before the child can regain coverage under the program, unpaid premiums owed for coverage received in accordance with subrule 86.8(4) within the past 24 months must be paid in full.

a. Failure to pay the unpaid premiums shall result in denial of the application. EXCEPTION: The unpaid premium obligation shall be reduced to zero if upon reapplication a premium would not be assessed because the household’s income is less than 150 percent of the federal poverty level.

b. If no reapplication is filed within 24 months of failing to pay a premium, the debt shall be expunged and shall no longer be owed.

ITEM 7. Adopt the following **new** paragraph **86.20(3)“f”**:

f. The provisions of subrules 86.8(3) to 86.8(6) and 86.8(8) apply to premiums specified in this subrule.

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